

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2865 Session of  
2004

INTRODUCED BY STETLER, NICKOL, MANN, CAPPELLI, LEWIS, SOLOBAY,  
STERN, TIGUE, YUDICHAK AND HORSEY, SEPTEMBER 29, 2004

REFERRED TO COMMITTEE ON FINANCE, SEPTEMBER 29, 2004

AN ACT

1 Amending the act of December 18, 1984 (P.L.1005, No.205),  
2 entitled "An act mandating actuarial funding standards for  
3 all municipal pension systems; establishing a recovery  
4 program for municipal pension systems determined to be  
5 financially distressed; providing for the distribution of the  
6 tax on the premiums of foreign fire insurance companies; and  
7 making repeals," providing authorization for alternate  
8 amortization schedules to accommodate extraordinary events.

9 The General Assembly of the Commonwealth of Pennsylvania  
10 hereby enacts as follows:

11 Section 1. The act of December 18, 1984 (P.L.1005, No.205),  
12 known as the Municipal Pension Plan Funding Standard and  
13 Recovery Act, is amended by adding a section to read:  
14 Section 209. Authorization for alternate amortization schedules  
15 to accommodate extraordinary events.

16 In the preparation of an actuarial valuation report as of the  
17 beginning of the plan year occurring in 2005 or thereafter, a  
18 municipality may adopt an alternate amortization schedule rather  
19 than the amortization schedule specified in section 202(b)(4)  
20 for any increment of unfunded actuarial accrued liability that  
21 exceeds \$9,000,000, causes at least a 30% increase in the

1 aggregate actuarial accrued liability of the pension plan, and  
2 is attributable to a single benefit enhancement being newly  
3 recognized in the actuarial valuation report. The alternate  
4 amortization schedule shall be formally adopted by the governing  
5 body of the municipality and shall provide for an amortization  
6 target date that results in an amortization period of 30 years,  
7 level percentage amortization payments increasing by no more  
8 than 5% annually if adopted in an actuarial valuation report  
9 with a valuation date in 2005, and level dollar amortization  
10 payments if adopted in an actuarial valuation report with a  
11 valuation date occurring after December 31, 2005. The initial  
12 and all subsequent actuarial valuation reports filed with the  
13 commission during the operation of the alternate amortization  
14 schedule shall separately disclose the initial amount of the  
15 increment of unfunded actuarial accrued liability, the date that  
16 the alternate amortization schedule was established, the  
17 amortization target date, the original amortization period, the  
18 remaining balance of the increment of unfunded actuarial accrued  
19 liability and the amortization payment for the year following  
20 the valuation date of the actuarial valuation report.

21       Section 2. This act shall take effect immediately.